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Family Economics Review

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Unemployment: The Effects on Family Income and Expenditures

By Colien Hefferan
Economist

Recent sharp upturns in unemployment have focused attention on the effects of employment problems on family economic well-being. In 1981, about one in five persons in the labor force experienced unemployment sometime during the year. Of the 23.4 million workers unemployed, 3 million were unemployed for the full year.[1] With monthly unemployment rates reaching post-World War II highs in the third and fourth quarters of 1982, the total number of persons experiencing unemployment is expected to increase in 1982.[2] Even as the economy begins to recover, high rates of unemployment may persist. Historically, reduction in the rate of unemployment lags other indicators of economic recovery by about 4 months. Employers tend to wait for strong and sustained signs of economic recovery before they call laid-off workers back or hire new or replacement employees. Recovery from the 1982 recession may appear especially slow because of an increase in new workers, especially women, entering the labor force in 1981 and 1982. During the recession, job opportunities have not adequately expanded to meet this influx of workers. Consequently, unemployment is especially high among new entrants and reentrants to the labor force. About one-half of the recent increase in unemployment is attributable to new entrants and reentrants, with the rest attributable to layoffs, permanent separations, and voluntary resignations.

As unemployment persists as a major problem in the economy, what are the consequences for family income and expenditures? This article presents information on the incidence and duration of unemployment for different types of workers, the relationship of unemployment and income for individuals and in families with one or two workers, and expenditure patterns in families in which the household head has experienced unemployment compared with families in which there has been no recent unemployment.

Incidence and Duration of Unemployment

The overall unemployment rate was 10.8 percent in November 1982. This is the percentage of the civilian labor force that did not have a job but who were available for work and who had made specific efforts to find work during the month. It also includes those who were laid off and were waiting to be recalled and those expecting to report to a job within 30 days. It does not include discouraged workers.

The overall rate conceals a great deal of variation in unemployment rates for workers with different characteristics and in different occupations and industries (table 1). Rates were highest among teenagers and lowest among married men with spouses present. Blue-collar workers, particularly those working as operatives (e.g., machinists and assembly-line workers), were more likely to experience unemployment than those in white-collar or service occupations. Workers in the construction industry and durable goods manufacturing experienced higher than average unemployment, whereas government workers and those in finance, service, transportation, and utilities industries experienced lower than average unemployment.

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[1]These figures exclude "discouraged workers," who are defined as those who report they would like to work but have ceased looking for jobs because they cannot find one. The number of discouraged workers has trended upward since 1980, and as of the third quarter of 1982 it has stood at 1.6 million (5).

[2]Monthly estimates of the unemployment rate are available from the Bureau of Labor Statistics, U.S. Department of Labor, about 1 week after the end of the month. Annual estimates of the number of persons or households experiencing unemployment, however, have a much longer lag time. Consequently, official information concerning the number of persons experiencing unemployment in 1982 will not be available until mid-1983.

Table 1. *Unemployment rates for selected groups of workers, 16 years and over, 1981-82 [seasonally adjusted]*

Category	November 1981	July 1982	August 1982	September 1982	October 1982	November 1982
			Percent			
Total	8.3	9.8	9.8	10.1	10.4	10.8
Characteristic:						
Men 20 years and over	7.1	8.8	8.9	9.6	9.8	10.1
Women 20 years and over	7.2	8.4	8.2	8.3	8.6	9.1
Both sexes 16-19 years	21.4	24.1	24.0	23.7	24.0	24.2
Married men, spouse present	5.2	6.6	6.7	7.3	7.6	7.7
Married women, spouse present	6.5	7.4	7.1	7.5	7.9	8.4
Women who maintain families	10.8	12.0	11.6	12.4	11.2	12.5
Full-time workers	8.1	9.5	9.6	10.1	10.5	10.7
Part-time workers	10.2	11.4	10.3	10.5	10.1	11.4
Labor force time lost[1]	9.5	10.7	10.7	11.7	12.1	12.4
Occupation:						
White collar workers	4.2	4.9	4.8	4.8	5.1	5.6
Professional and technical	2.7	3.3	3.1	3.2	3.5	3.8
Managers and administrators (except farm)	3.0	3.7	3.8	3.6	3.6	3.9
Sales workers	5.0	5.4	5.5	5.4	6.1	6.3
Clerical workers	6.0	6.9	6.7	6.7	7.1	7.9
Blue collar workers	11.8	14.4	14.2	15.6	15.9	16.5
Craft and kindred workers	8.5	10.9	10.6	11.4	10.9	12.2
Operatives, except transport	14.1	17.4	17.5	20.2	21.1	21.2
Transport equipment operations	10.4	11.6	12.5	11.6	12.7	14.1
Nonfarm laborers	16.0	18.6	17.4	19.2	19.8	19.4
Service workers	9.7	10.5	10.6	10.7	10.6	11.2
Farm workers	6.2	6.1	6.9	5.1	6.6	7.7
Industry:						
Nonagricultural private wage and salary workers	8.4	10.2	10.1	10.7	11.1	11.5
Construction	17.8	20.3	20.3	22.6	23.0	21.9
Manufacturing	9.4	12.0	12.1	13.8	14.1	14.8
Durable goods	9.5	12.7	12.9	14.9	16.0	17.1
Nondurable goods	9.3	11.0	10.8	12.3	11.2	11.4
Transportation and public utilities	5.5	6.1	7.0	6.9	8.1	8.7
Wholesale and retail trade	8.6	10.5	9.8	9.8	10.3	10.5
Finance and service industries	6.1	7.0	7.0	6.8	7.1	7.7
Government workers	5.2	4.6	4.6	4.9	4.8	5.2
Agricultural wage and salary workers	14.1	13.8	14.3	12.5	12.6	15.9

[1]Aggregate hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force hours.

Source: U.S. Department of Labor, Bureau of Labor Statistics, 1982, The employment situation, News USDL Pub. No. 82, p. 454.

Although speeifie rates of unemployment ehange from month to month, the unemployment patterns for groups of workers are somewhat more stable. For example, workers in the eonstruetion and mining industries eonsistently have a greater ineidenee of unemployment than do workers in service industries. Similarly, young workers tend to have unemployment rates two to three times greater than the overall rate. Some groups of workers, sueh as blaeks and young people, have high unemployment rates beeause they experience a high turnover, whereas others, sueh as women, have high unemployment rates beeause they move in and out of the labor foree more often than men and eonsequently spend long periods as reentrants looking for work (1). In a study of unemployment among male heads of households, Diekinson (3) reported that edueation, oeeupation, and wage rates have strong effeets on unemployment. He suggested that other faetors, sueh as raee, whieh appear to be assoeiated with unemployment, affeet unemployment only to the extent that they are assoeiated with edueation, oeeupation, and wage rates.

Household heads tend to have a lower ineidenee of unemployment than do other workers, but among unemployed heads the duration of unemployment tends to be longer than average. Currently, the duration of unemployment also tends to be longer for men than women. In 1980, the median duration of unemployment was 13 weeks for men eompared with 11 weeks for women. About one in four women was unemployed less than 1 month eompared with one in six men (4). Similarly, although older persons are less likely to become unemployed than are younger persons, they tend to remain jobless longer when unemployed. The median weeks of unemployment for workers over 55 years of age exeeeded 13 weeks in 1980.

Recent trends in the distribution of unemployed workers by the number of weeks unemployed are shown in table 2. The average duration of unemployment tends to deeline when the unemployment rate inereases

Table 2. *Duration of unemployment, 1981-82 [seasonally adjusted]*

Length of unemployment (weeks)	November 1981	July 1982	August 1982	September 1982	October 1982	November 1982
			Number			
Average duration	13.1	15.6	16.2	16.6	17.2	17.2
Median duration	6.9	8.3	8.2	9.5	9.6	10.1
			Pereentage distribution			
Total unemployed[1]	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5	42.3	37.2	36.1	35.1	33.8	32.8
5 to 14	31.7	29.5	30.4	31.3	30.3	29.7
15 and over[1]	26.0	33.4	33.4	33.6	35.8	37.5
15 to 26	13.5	16.7	16.7	16.1	16.6	18.3
27 and over	12.5	16.7	16.8	17.5	19.2	19.2

[1]Totals may not add up due to rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics, 1982, The employment situation, News USDL Pub. No. 82, p. 454.

rapidly. This is because the influx of newly unemployed persons, coupled with the dropout of discouraged, long-term unemployed workers from the labor force, suppresses the average. As high unemployment persists, however, the average duration increases, reflecting long-term lack of jobs.

Because of the dynamic nature of the labor force, the total number of persons experiencing unemployment sometime over the year, or the past several years, is significantly greater than the number experiencing unemployment at one time. In 1980, for example, 2.7 times as many persons experienced unemployment sometime over the year as in any one month (4). Analysis of data from the Panel Study of Income Dynamics indicates that 15.3 percent of household heads experienced unemployment during 1976, whereas the U.S. average monthly rate of unemployment was 7.7 percent for that year (2). Over a 10-year period from 1967 to 1976, about 4 in 10 household heads had some period of unemployment. For most workers, unemployment is a relatively short-term, transient problem. For about 5 percent of all workers, however, unemployment poses chronic and severe problems (2).

Since most workers live in families, unemployment affects families as well as individuals. In 1980, about 27 percent of all families had at least one family member unemployed sometime during the year. In most of these families (83 pct), only one person was unemployed; in 15 percent, two persons were unemployed. The percentage of families experiencing unemployment and the number of members unemployed are expected to be higher in 1981 and 1982.[3] There is preliminary evidence of a slight decline since 1981 in the number of two-worker households as a result of unemployment. Weekly earnings data show a drop of 600,000 in the number of multiearner families from 1981 to 1982. Although about 60 percent of all married couples have two persons actively working or seeking work, only 56 percent of married couples have two persons with current earnings. This is down about two percentage points over the past year.

[3]See footnote 2, p. 2.

Unemployment and Income

Unemployment results in lost income. Although a portion of this lost income may be replaced by unemployment compensation, food stamps, public assistance, and other transfer programs, unemployment significantly alters the economic status of many individuals and families.

Workers experiencing no unemployment earned about 2-1/2 times as much as those who were unemployed during all or part of 1980. Earnings of persons who encountered unemployment relative to earnings of employed persons varied by personal characteristics. Blacks who experienced some unemployment earned about 22 percent of that earned by employed blacks, whereas whites with some unemployment earned about 41 percent of that earned by employed whites. Married men with some unemployment earned about one-half of that earned by employed married men. Women who maintained families and experienced unemployment, however, earned less than one-fourth of the income earned by employed female household heads (table 3).

Families with one or more unemployed persons during 1980 had a median income of 21 percent less than families experiencing no unemployment (table 4). The economic impact of unemployment was far less severe in husband-wife families than in families headed by females. In husband-wife families, the impact was most severe when the husband, rather than the wife or other family member, was the person unemployed. Median family income was about 19 percent lower in husband-unemployed families than all husband-wife families experiencing unemployment. A husband's unemployment also increased the incidence of poverty in husband-wife families experiencing unemployment from 9 to 14 percent. In female-headed families, unemployment was often associated with entry into poverty (60 pct).

Table 3. *Median annual earnings of employed and unemployed persons, by marital status, 1980*

Marital and family status	Persons with no unemployment	Persons with unemployment	Ratio of earnings for 2 categories
	----- Dollars -----		
All persons	10,760	4,046	.38
Husbands	18,708	9,514	.51
Wives	7,183	3,218	.45
Women who maintain families alone	9,288	2,097	.23
Men who maintain families alone	15,243	6,385	.42
Unrelated men	14,031	6,070	.43
Unrelated women	9,689	4,157	.43

Source: Data derived from Sylvia L. Terry, 1982, Unemployment and its effect on family income in 1980, Monthly Labor Review 105(4):35-43.

Table 4. *Median family income and incidence of poverty in families experiencing unemployment, 1980*

Category	Median family income	Below poverty line
	Dollars	Percent
All families in labor force	22,700	8.0
Families with no members unemployed	24,020	5.5
Families with at least 1 member unemployed	19,076	14.7
Husband-wife families with at least 1 member unemployed	21,448	9.0
Husband unemployed	17,432	14.0
Wife unemployed	21,455	4.3
Husband and wife unemployed	14,840	15.9
Families maintained by women with at least 1 member unemployed	9,157	39.1
Householder unemployed	5,527	60.1
Other related family member unemployed	14,670	18.2
Families maintained by men with at least 1 member unemployed	15,649	15.0
Householder unemployed	11,656	24.6
Other related family member unemployed	19,852	5.4

Source: Data derived from Sylvia L. Terry, 1982, Unemployment and its effect on family income in 1980, Monthly Labor Review 105(4):35-43.

Programs such as the Federal/State unemployment insurance system, created in 1935 as part of the Social Security Act, ameliorate the initial effects of unemployment on family income for some workers. Under the system, States set their own eligibility and benefit levels. These rules and levels, though created within general Federal guidelines, vary widely among States. The system is financed through State unemployment taxes levied on employers, which averge 2.6 percent nationwide, and a Federal tax of 0.7 percent of the first $6,000 of each covered worker's earnings.[4]

Unemployment insurance provides for 26 weeks of benefits for covered workers, with 13-week extensions provided in areas of high unemployment. Currently, slightly less than one-half of all unemployed workers receive benefits. Average weekly benefits are about $120, based on worker earnings and, in some States, number of dependents. Unemployment insurance provides for the recovery of about one-fourth of the disposable income lost when a household head is unemployed (2).

Recent analysis by the Bureau of Labor Statistics suggests that poverty and severe economic hardship are no longer necessary consequences of employment problems (6). For two-earner households, for example, the impact of unemployment may be cushioned by both the earnings capability and status of the employed spouse and the long-term financial security established by two earners. For other types of families, especially those maintained by women, unemployment continues to be strongly linked with severe economic hardship.

The long-term consequences of unemployment on family income and economic status are difficult to assess. Although middle-income families and families with multiple earners may not fall into poverty as a result of short-term or intermittent unemployment, maintenance of an established level of living or attainment of financial goals may be precluded. Possible consequences of unemployment for these families include mounting debt and foreclosures. In one of the few studies of the long-term consequences of unemployment, Corcoran and Hill (2) estimated that household heads experiencing unemployment at least once over a 10-year period lost about 5 percent of their committed worktime and 4 percent of their disposable income.

Expenditures in Employed and Unemployed Families

By reducing the amount of money a family has to spend, unemployment affects expenditure levels and patterns. In table 5, the proportion of family income and the budget share used for selected expenditures in families in which neither the head nor the spouse, if there was one, experienced unemployment during a 1-year period are compared with expenditure patterns in families in which the head had experienced unemployment.

These data are from the 1972-73 Consumer Expenditure Survey and include nonretired families. The income losses for families experiencing unemployment in the survey period are comparable to income losses for unemployed families today. The average annual income for unemployed families was about 56 percent of that for families with no unemployment.

Families with no unemployment spent about 69 percent of their income on consumption and used the remainder for taxes, savings, and the acquisition of property and other forms of wealth. Families with heads experiencing unemployment spent 84 percent of their income for consumption items. Although unemployed families spent a larger portion of their income, their absolute level of expenditures in each category was lower than that for families with no unemployment. Generally, necessities such as medical care, housing, and transportation claimed a significantly smaller portion of the family budget and family income in employed than unemployed families. In spite of low income, unemployed families spent nearly the same amount of money on doctors and hospitals as employed families ($167 compared with $178), but they spent less on dental

[4] These taxes are scheduled to increase as part of the Tax Equity and Fiscal Responsibility Act of 1982, P.L. 97-248, passed in August 1982.

care, orthodontics, and eye care ($67 compared with $117).[5] For food, employed and unemployed families used the same portion of the family budget for total food expenditures (19.1 pct), but unemployed families spent more of their food dollar for food at home and less for food away from home than did employed families.

Several seemingly discretionary categories of expense, including personal care and gifts, claimed a larger portion of the family budget and income in unemployed than employed families. These relatively small budget items appear to offer little room for economizing in the event of unemployment. The most significant categorical difference between employed and unemployed families was in the area of personal and social insurance. Unemployed families spent far less of their limited income for these expenses than did employed families. This is probably attributable to reduced social security and other employment-related insurance programs in unemployed families.

Most of the differences in expenditure patterns between employed and unemployed households are probably related to the difference in income between the two groups. This may not be true, however, for certain fixed and contractual expenditures such as home mortgages and leases. An analysis, in which the housing expenditures of employed

[5] These figures are for the survey years 1972 and 1973. The cost of medical care services has increased about 148 percent since the survey.

Table 5. *Family expenditures*

Category	No unemployment during survey year-- ($15,623 income)		Unemployed head during all or part of survey year-- ($8,784 income)	
	Budget share	Proportion of income	Budget share	Proportion of income
	Percent			
Food at home	14.5	10.1	15.1	12.7
Food away	4.6	3.2	4.0	3.3
Transportation	10.2	7.1	10.9	9.1
Clothing	6.2	4.3	5.4	4.6
Medical	4.1	2.8	4.7	3.9
Recreation	4.7	3.2	4.2	3.6
Housing	33.8	23.4	36.8	31.0
Personal care and sundries	6.9	4.8	7.4	6.3
Gifts	4.4	3.1	4.1	3.4
Personal and social insurance	10.6	7.4	7.4	6.3
Total	100.0	69.4	100.0	84.2

Source: U.S. Department of Labor, Bureau of Labor Statistics, 1972-73 Consumer Expenditure Survey. Subsamples include only nonretired households.

and unemployed households at the same income level were compared, indicates that households in which the head experienced unemployment sometime during the year spent significantly more on housing than did those headed by employed workers. High-fixed expenditures, such as housing and credit obligations, may reduce families' ability to respond to loss of income during unemployment.

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Workdays Missed Without Pay

More than one in seven wage and salary workers employed sometime during January 1979 missed at least 1 full day without pay during the month, according to results of the Income Survey Development Program[1] of the Department of Health and Human Services and the Bureau of the Census. They experienced an average loss in earnings of about $181 per worker.

Younger workers were more likely to miss days without pay than were older workers; 20 percent of those 16 to 24 years of age missed at least 1 day. The likelihood of missing days without pay was also related to occupation. Workers in the construction industry were most likely to miss days. One-third of these workers missed work resulting in a loss of about one-fourth of their average monthly earnings. Government workers were least likely to miss days.

Personal illness (or injury) was the most prevalent reason for missing days without pay; 40 percent of those absent without pay gave this reason only. Another 13 percent missed days because of layoff, slack work, strikes, or labor disputes; and 4 percent missed days because of job-related injury or illness. Other reasons or a combination of reasons accounted for the remainder of workers with days missed.

[1]Several new data items from the 1979 Income Survey Development Program Panel data tapes are available for analysis of earnings distribution and for examination of characteristics of wage and salary workers. Some of these new data items include the number of days missed without pay and reasons for the days missed.

Source: U.S. Department of Commerce, Bureau of the Census, 1982, Wage and salary data from the Income Survey Development Program: 1979, Current Population Reports, Series P-23, No. 118.

Farm Women's Triad of Roles

By Kathleen K. Scholl
Consumer economist

According to recent national data, one-fourth of the farm women in the United States are assuming a triad of roles--homemaker, farmer, and employee. Although farm women work off the farm for various reasons, the majority work as a result of financial need. Women employed off the farm do household and farm tasks as regularly as those not working off the farm. Employed farm women, however, are less satisfied with their farm lifestyles.

Rural farm women have entered the labor force at a rate that exceeds that of their nonfarm counterparts. In the 50 years between 1930 and 1980, the labor force participation rate of farm women almost quadrupled, whereas that of nonfarm women doubled:

Female labor force participation, by residence, 1930-80

Year	Population 14 years old and over in the labor force		
	Total	Rural farm	Nonfarm[1]
		Percent	
1980	50.1	45.8	50.2
1970	39.6	28.3	40.0
1960	34.5	22.9	35.4
1950	28.9	15.7	30.9
1940	25.4	12.1	28.7
1930[2]	22.1	12.3	24.9

[1]Urban plus rural nonfarm.

[2]Percent of population 10 years old and over.

Sources: Data compiled by Vera Banks, Economic Research Service, U.S. Department of Agriculture, from the following: U.S. Department of Commerce, Bureau of the Census, U.S. Census of Population: 1970, 1960, 1950, 1940, and 1930; U.S. Department of Commerce, Bureau of the Census, Current Population Survey, 1980.

Traditionally, farm women have been less likely than nonfarm women to take paid employment, probably because of the demands of farm life and lack of employment opportunities in rural areas. By 1980, however, farm women were closing the gap: 46 percent of farm women were employed, just slightly less than the 50 percent of nonfarm women employed.

Why Women Work Off the Farm

Farm women have entered the work force for a variety of reasons, including professional, social, and financial. In the 1980 National Farm Women Survey,[1] 57 percent of the employed women reported that they worked off the farm to provide money for their households and farms. Social reasons were reported by 18 percent as the main reason for their off-farm employment, 16 percent wanted to keep up or use their career skills, and the remaining 9 percent gave other reasons.

Off-farm employment by farm family members is predominant in providing resources for farm and household needs. Since 1967 (with the exceptions of 1973 and 1974), off-farm income has been greater than net farm income for farm operator families. Of the employed farm women who reported working because they needed the money, more than two-fifths needed the income mainly or partially for farm-related expenses; about three-fifths reported that this income was needed for other purposes. The large proportion employed off the farm to provide financial support for the farm operation suggests that working women have an important role in keeping the farm financially secure.

The farm family may choose to have a member(s) employed off the farm to provide the family financial protection that is generally not economical for the farm business to purchase for the family members. These nonwage compensations include such items as group health insurance, group life insurance, social security, and unemployment insurance contributions. These financially

[1]For a description of the survey, see abstract in Family Economics Review 1982(3):9-10.

related reasons may have been reported within the "other" general category, and thereby cause a possible undercount of the farm women who work off the farm for financial reasons.

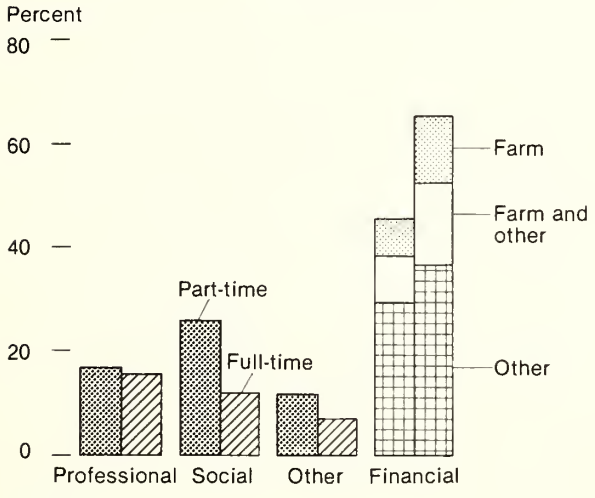
Marked differences appear in reasons for off-farm employment between part-time and full-time employed farm women (fig. 1). Women who cited financial reasons for working were more likely to be employed 35 hours or more per week in a full-time job; whereas those reporting social, professional, or other reasons were more likely to be part-time workers. Of those farm women citing a financial need as the main reason for working, full-time working women were more likely to be providing capital for the farm operation than those employed part time.

Triad of Roles

One-third of the farm women interviewed for the 1980 National Farm Women Survey were working off the farm at the time of the survey. Of these, almost three-fourths were participating in the triad of roles by working off the farm, doing at least one farm task regularly, and regularly performing household tasks. One-fourth of the employed farm women did not assume the role of farmer. A comparable proportion (one-fifth) of the not-employed farm women were also inactive in farmwork.

Chart 63

Reasons for Women's Off-Farm Employment



1980 data.

Figure 1

Farm and Household Tasks

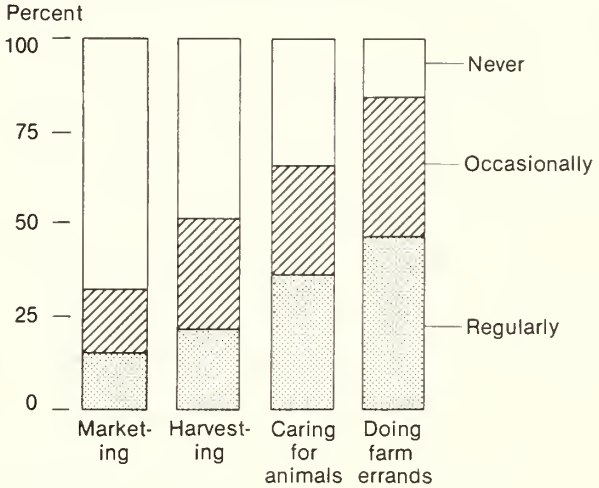
The frequency of participation of women in both farm and household tasks was measured in the 1980 National Farm Women Survey, in which women were found to be actively involved in farm tasks and management on all sizes of farming enterprises. The involvement of women on the farm was so extensive that 55 percent of the women considered themselves one of the main operators of their farms; almost 60 percent of the married women reported that they could run the operation if necessary without their husbands.

Almost 80 percent of the women reported that they regularly do at least one farm task; over 98 percent reported regularly performing at least one household task.[2] As regular duties, farm women reported doing household tasks, taking care of a vegetable garden or animals for the family's food consumption, looking after children, keeping financial records, and running farm errands (fig. 2). Half or more of the farm women

[2]For a detailed description of the farm and household task participation of farm women, see Family Economics Review 1982(3):3-9.

Chart 66

Women's Participation in Farm Tasks



1980 data. Reported by women on farms where tasks are done.

Figure 2

reported that they occasionally cared for farm animals, harvested crops or other products (including the operation of machinery or trucks), and supervised the farmwork of other family members.

The proportions of employed farm women performing household and farm tasks were similar to those reported by women not employed off the farm (table 1). The mean scores of the frequency of task performance[3] were statistically tested for each task to measure significant differences between the two groups of farm women--employed and not employed. Such a difference between the scores was found for the farm task category that included bookkeeping, maintaining records, paying bills, or preparing tax forms for the farm operation. The farm women who were not employed off the farm reported doing these financial records more regularly than the employed farm women. Also, not-employed farm women reported doing general household work and taking care of a vegetable garden or animals for the family's food consumption significantly more often than employed farm women.

Since the income level or the type of farming operation could affect the task participation of farm women, further statistical tests were performed to determine if the previously described differences were consistent in various types of farming operations[4] or in different net farm income categories.[5] For the task of keeping farm financial records, significant differences were found in less than half of the type of farm operation subgroups, but in more than half of the net farm income subgroups. In general, although not consistently across all income or type of farm subgroups, the not-employed farm women do farm financial recordkeeping more regularly than farm women employed off the farm.

In contrast, the disparities between the not-employed and employed farm women for the two household task categories weakened when they were tested across net farm income subgroups and types of farming operations. In the household work category, the mean scores for both groups of farm women were the same for all net farm income subgroups and all types of farm operations. In the category of caring for animals and a garden for the family's food consumption, the mean scores were similar except for farms above the mean net farm income and for farms that had a product mix of mostly crops. The statistical tests by subgroup did not confirm the overall finding that farm women not employed off the farm did these tasks more frequently than employed farm women.

In summary, data from the 1980 National Farm Women Survey indicate that as farm women assume the third role of employee, they are likely to remain involved in the farm operation and to do both farm and household tasks with the same regularity as their counterparts who are not employed. Only the task of maintaining farm records is likely to be done less regularly by employed farm women versus those not employed.

Satisfactions With Farm Life

The 1980 National Farm Women Survey measured the satisfactions women had with the community where they live, farming as a way of life, and farming as a way to make a living. In general, farm women indicated they were satisfied with their rural locations and with farming as a way of life; they were less satisfied with farming as a way to make a living. Upon separating the

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[3]Farm women were asked if they perform the tasks regularly or occasionally, or never did them. If the woman reported that a task was not done on the farm operation, it was not calculated in the mean score.

[4]The percent of total gross farm sales from crops as opposed to livestock products was used to classify the types of farming operations into crops, mostly crops, equal proportion of crops and livestock products, mostly livestock, livestock, and no response.

[5]Net farm income categories were negative, no income ($0), $1,000 to $13,000, $14,000 and above, and no response. The mean net farm income was $14,000. Over one-third of the farm women did not respond.

Table 1. *Farm and household task involvement of farm women,*[1] *by employment status*

Tasks	Employed off the farm			Not employed off the farm		
	Regular duty	Occasional duty	Never done	Regular duty	Occasional duty	Never done
	Percent					
Farm:						
Plowing, disking, cultivating, or planting	10	26	64	12	26	62
Applying fertilizers, herbicides, or insecticides	5	13	82	6	11	83
Doing other fieldwork without machinery	16	26	58	18	25	57
Harvesting crops or other products, including running machinery or trucks	20	36	44	23	26	51
Taking care of farm animals, including herding or milking dairy cattle	32	34	34	39	27	34
Running farm errands, such as picking up repair parts or supplies	45	42	13	48	36	16
Making major purchases of farm or ranch supplies and equipment	15	25	60	14	22	64
Marketing farm products, that is, dealing with wholesale buyers or selling directly to consumers	15	18	67	15	17	68
Bookkeeping, maintaining records, paying bills, or preparing tax forms for the operation	58	17	25	63	16	21
Supervising the farmwork of other family members	22	26	52	25	25	50
Supervising the work of hired farm labor	9	23	68	11	27	62
Household:						
Taking care of a vegetable garden or animals for family consumption	70	16	14	76	12	12
Doing household tasks like preparing meals, house cleaning	96	3	1	98	1	1
Looking after children	76	11	13	73	14	13

[1]Not all respondents (2,509) are included. Respondents who reported that a particular task was not done on the farm operation or for their household were excluded.

Source: 1980 National Farm Women Survey Data, National Opinion Research Center, Chicago, Ill.

women by employment status, the employed women were found to be less satisfied with farming as a way of life and with farming as a way to make a living than those not employed off the farm. These findings hold when tested across net farm income subgroups (table 2) and type of farm operation (table 3). The most pronounced difference is shown in the farm women's satisfactions toward farming as a way to make a living; 8 out of 11 subgroups were significantly different. Several reasons may account for these differences. Perhaps farm women who obtain satisfaction in performing farm tasks lose part of this satisfaction when they spend their time in gainful employment; or, perhaps, farm women who find less fulfillment in working on the farm are those who seek off-farm employment.

Table 2. ***Farm women's satisfaction scores[1] for farming and community, by employment status and net farm income***

Satisfaction with--	Farm women's employment status and average scores	Net farm income				
		Negative N=36	No income ($0) N=395	$1,000-$13,000 N=662	$14,000 and up N=475	No response N=941
Community in which to live	Employed, 1.3	1.4	1.4	1.3	1.2	1.3
	Not employed, 1.3	1.4	1.3	1.2	1.3	1.3
Farming as a way of life	Employed, [2]1.5	1.6	1.4	[2]1.5	1.3	[2]1.5
	Not employed, 1.3	1.9	1.3	1.4	1.2	1.3
Farming as a way to make a living	Employed, [2]2.3	3.2	[2]2.6	[2]2.4	[2]2.0	[2]2.2
	Not employed, 2.0	3.2	2.3	2.1	1.8	2.0

[1]1 = very satisfied, 2 = somewhat satisfied, 3 = somewhat dissatisfied, and 4 = very dissatisfied.

[2]Significant at $p \leq .05$.

Source: 1980 National Farm Women Survey Data, National Opinion Research Center, Chicago, Ill.

Farm women who worked off the farm to provide money for the farm operation were significantly less satisfied with farming as a way to make a living than women who worked off the farm for other reasons; some farm women must work to keep the farm going and are apparently not satisfied with this arrangement.

As farm operator families become more dependent on off-farm income and on farm women taking off-farm employment to supplement the farm or household income, more farm women will find themselves in the triad of roles as homemaker, farmer, and employee--a situation that provides less satisfaction with the farm lifestyle than the dual roles of homemaker and farmer.

Table 3. *Farm women's satisfaction scores[1] for farming and community, by employment status and type of farming operation*

Satisfaction with--	Farm women's employment status and mean scores	Type of farming operation					
		Crops N=658	Mostly crops N=343	Equal product mix N=128	Mostly livestock N=321	Livestock N=804	No response N=255
Community in which to live	Employed, 1.3	1.2	1.2	1.3	1.4	1.3	1.3
	Not employed, 1.3	1.3	1.2	1.3	1.3	1.3	1.3
Farming as a way of life	Employed, [2]1.5	[2]1.6	1.4	1.5	[2]1.5	[2]1.4	[2]1.6
	Not employed, 1.3	1.3	1.3	1.3	1.3	1.3	1.4
Farming as a way to make a living	Employed, [2]2.3	[2]2.4	[2]2.3	2.3	[2]2.4	[2]2.4	2.1
	Not employed, 2.0	2.0	1.9	2.0	2.0	2.1	1.9

[1]1 = very satisfied, 2 = somewhat satisfied, 3 = somewhat dissatisfied, and 4 = very dissatisfied.

[2]Significant at $p \leq .05$.

Source: 1980 National Farm Women Survey Data, National Opinion Research Center, Chicago, Ill.

Income and Poverty Rates: Farm and Nonfarm Residence

By Kathleen K. Scholl
Consumer economist

Although many farm family members work off the farm to supplement the household and farm units, farm families thus far have not assumed the economic characteristics of their nonfarm counterparts. Recent statistical data indicate that in 1979-81, farm families experienced lower money income and much higher poverty rates than nonfarm families. As more farm families work and shop outside their farm units and local rural communities, economic differences between farm and nonfarm households may gradually disappear.

According to the U.S. Department of Commerce, Bureau of the Census (Census), median family income for 1981 was $22,388 for all families, $22,554 for nonfarm families, and $17,082 for farm families (table 1). Median family income of farm families tends to fluctuate more than the income of nonfarm families. For example, from 1979 to 1980, after adjusting for inflation, farm families experienced a 14.8 percent decline in real income; from 1980 to 1981, however, their real income did not change. In comparison, nonfarm family median income declined 5.3 percent from 1979 to 1980 and 3.4 percent between 1980 and 1981.[1]

[1]These declines experienced by nonfarm families were similar to real income losses for all families (5.5 pct from 1979 to 1980 and 3.5 pct from 1980 to 1981). With less than 3 percent of the U.S. population living on farm residences, the wide fluctuations from year to year of the money incomes of farm families have a limited effect on the median income reported for all families and households.

An examination of major sources of farm family income indicates that farm operator families are becoming more dependent on off-farm income (table 2). In 8 of the last 10 years, off-farm income has been greater than net farm income for these families. According to U.S. Department of Agriculture (USDA) statistics, off-farm income was twice as high as net farm income in 1981, with net farm income declining for a second year after reaching a high of $11,002 per operator family in 1979.

Large differences in estimates of farm income are indicated in tables 1 and 2. Farm income data published by Census and USDA are not directly comparable for several reasons.

. Farm self-employment income published by Census excludes nonmoney income, such as crops grown for food consumption; USDA includes such income in net farm income.

. Census includes persons who do not live on a farm but do have farm income; USDA excludes these persons.

. USDA includes in net farm income the rental of farms to other farmers; Census classifies these receipts as income other than earnings.

There are methodological as well as conceptual differences between the two farm income estimates. The USDA estimates are based on data derived from farm, business, and governmental sources; whereas Census estimates are compiled from data collected in sample surveys of households.[2]

The Census estimates of median farm family income may more clearly indicate funds available to the farm family for consumption or saving than the USDA income estimates. The USDA estimates of income per farm operator family include such items as the rental value of dwellings, which are not easily liquidated or convertible to other consumer goods. Also, some of net farm income may be in the form of held inventories or may be automatically reinvested by the farm family into the farm operation. The farm family probably does not have ready access to all the funds indicated in the USDA income estimates.

[2]See pp. 24-26 for a further description of income differences from aggregate and household sources.

Table 1. *Median money income in current dollars of families and households by residence, 1979-81*

Selected characteristics	1981	1980	1979
All families[1]	$22,388	$21,023	$19,587
Nonfarm	22,554	21,151	19,678
Farm	17,082	15,755	16,281
All households[2]	([3])	17,710	16,461
Nonfarm	([3])	17,783	16,491
Farm	([3])	14,786	15,280

[1]The term "family" refers to a group of 2 or more persons related by blood, marriage, or adoption and residing together.

[2]A household includes related family members and all unrelated persons who share the housing unit; may include lodgers, foster children, wards, or employees.

[3]Household data are not yet available.

Sources: U.S. Department of Commerce, Bureau of the Census, 1982, Money income of households, families, and persons in the United States: 1980, Current Population Reports, Consumer Income, Series P-60, No. 132. U.S. Department of Commerce, Bureau of the Census 1982, Money income and poverty status of families and persons in the United States: 1981, (advance data from the March 1982 Current Population Survey), Current Population Reports, Consumer Income, Series P-60, No. 134.

Table 2. *Income per farm operator family (including farm households) by major sources, 1979-81*

Income source	1981	1980	1979
Net farm income[1]	$8,042	$10,057	$11,002
Off-farm income	16,145	15,061	13,902
Total income from farm and off-farm sources	24,187	25,118	24,904

[1]Net farm income before inventory adjustment; includes Government payments, value of farm products consumed in farm households, and rental value of farm dwellings.

Source: U.S. Department of Agriculture, Economic Research Service, 1982, Economic Indicators of the Farm Sector: Income and Balance Sheet Statistics, 1981, ECIFS 1-1.

Both the number and percentage of persons below the poverty level increased significantly from 1980 to 1981 because of the recession that began in mid-1981 and the accompanying rise in the unemployment rate. The poverty rate rose from 13.2 to 14.0 percent (table 3), with an increase of 2.2 million persons. The poverty rate for farm families exceeds the rates for all persons and other residence categories. The small proportion of farm population has little effect, however, on the overall rate.

The poverty threshold differential for farm families has been eliminated (see box on p. 19). Use of the same threshold as for nonfarm residence increased the number of farm families in poverty in 1980 by about 20 percent from the old threshold (table 3). This outcome was expected because the thresholds applied to farm families are approximately 15 percent higher under the new poverty definition.

SELECTED REFERENCES

1. U.S. Department of Agriculture, Economic Research Service. 1982. Economic Indicators of the Farm Sector: Income and Balance Sheet Statistics, 1981. ECIFS 1-1.
2. U.S. Department of Commerce, Bureau of the Census. 1982. Money income of households, families, and persons in the United States: 1980. Current Population Reports. Consumer Income, Series P-60, No. 132.
3. _____ 1982. Characteristics of the population below the poverty level: 1980. Current Population Reports. Consumer Income, Series P-60, No. 133.
4. _____ 1982. Money income and poverty status of families and persons in the United States: 1981 (advance data from the March 1982 Current Population Survey) Current Population Reports. Consumer Income, Series P-60, No. 134.

Table 3. *Poverty rate, all persons and by residence, 1980-81*

Selected characteristic	1981[1]	1980[1]	1980 (former definition)
		Percent	
All persons	14.0	13.2	13.0
Residence:			
Nonfarm	13.8	13.0	12.9
Farm	23.0	21.2	17.5
In metropolitan areas	12.6	11.9	11.9
Outside metropolitan areas	17.0	15.7	15.4

[1]Utilizes modified poverty threshold (see box on p. 19).

Sources: U.S. Department of Commerce, Bureau of the Census, 1982, Characteristics of the population below the poverty level: 1980, Current Population Reports, Consumer Income, Series P-60, No. 133. U.S. Department of Commerce, Bureau of the Census, 1982, Money income and poverty level: 1980, Current Population Reports, Consumer Income, Series P-60, No. 134.

CHANGES IN THE DEFINITION OF POVERTY

The Federal Government has revised its official statistical definition of poverty. The revised poverty definition, which is the basis of the standard poverty data series that began with reports based on the March 1982 Current Population Survey, includes three modifications. The combined effect of the three modifications on the poverty population is small. The total number of poor persons in 1980 was 29.3 million under the former definition and 29.6 million under the new definition; the poverty rate changed from 13.0 to 13.2 percent (table 3).

Elimination of the Farm Differential

The poverty threshold for farm families previously set at approximately 85 percent[1] of the threshold for nonfarm families has been eliminated. The distinction between farm and nonfarm families has become less meaningful over time since most farm income is derived from off-farm employment. The modification also eliminates the inequitable treatment between farm and nonfarm families. Previously, nonmoney income (e.g., consumption of farm products) was considered income for farm families, whereas nonmoney income (e.g., housing or insurance benefits provided by the employer to nonfarm families) was ignored.

Elimination of Distinctions Based on Sex of Householder

The poverty thresholds are based on food costs of individuals multiplied by 3.[2] Because food costs vary by age and sex, the calculations of poverty thresholds for some family compositions headed by females and the threshold for unrelated females differed from other corresponding family types and male individuals. Applying the multiplier to the food costs, which were adjusted for sex differences, also affected the nonfood items that comprised two-thirds of the poverty threshold, although there is no research showing a sex differential for most nonfood expenditures. The changes compensate for the food cost sex differential for most nonfood items and reflect increased sensitivity to the need for equitable treatment of men and women. The new poverty cutoffs for each family size combination are calculated by averaging the thresholds for (1) male and female unrelated individuals and for (2) families with a female householder (no husband present) and all other families.

Extension of the Poverty Matrix

Poverty levels are listed in tables by size and composition of families. The poverty "matrix" formerly ended with a family size of seven or more persons; the new matrix will be extended to include families of seven, eight, and families of nine or more persons.

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[1]The farm differential was originally proposed as 60 percent. The proportion was raised to 70 percent when the poverty measure was used by the Social Security Administration prior to its official designation in 1969. Based on USDA research that demonstrated little or no difference, the farm differential was changed in 1969 to 85 percent.

[2]Food is assumed to take one-third and nonfood items two-thirds of consumption costs.

Census of Agriculture

Forms for the 22d Census of Agriculture were mailed to 2.5 million farm operators throughout the Nation in December. Data collected for the 1982 calendar year include the number and characteristics of farms, acres in farms, average value of land and buildings, harvested acreages, and number of livestock on farms. Questions on expenditures include feed, fertilizer, pesticides, lime, gasoline and other farm fuels, livestock and poultry purchases; customwork; and farm labor.

Rapid changes in agriculture make the census extremely important to the Nation's policymakers as well as to the farmers. The farm census data are used by commodity marketing firms to more efficiently buy and sell farm products; by farm organizations evaluating programs and policies affecting the farmer; by railroads allocating cars to market crops; by farm suppliers meeting demands for fertilizer, seeds, and equipment; by researchers developing new farm technology; and by elected representatives writing farm programs.

Farmers and ranchers will not be the only group involved in a census for 1982. The Census Bureau of the U.S. Department of Commerce also will conduct the 5-year economic censuses that cover manufacturing, transportation, mining, retail and wholesale trades, and the service industries. Taken together, these censuses will document rapidly changing patterns in production, income, capital spending, and other facts vital to the Nation's economy.

Information reported to the Census Bureau is held confidential by law. Data from the reports are seen only by sworn Census Bureau employees, who are subject to fine and imprisonment for revealing any individual information. Published reports contain aggregate numbers that prevent identification of single farms. Farm operators are urged to complete the questionnaire by the February due date.

Characteristics of Households Receiving Selected Noncash Benefits, 1981

Noncash benefits are those received in a form other than money that serve to enhance or improve the economic well-being of the recipient. They include public noncash transfers (food stamps, school lunches, public and other subsidized housing, medicare, medicaid, and VA health insurance) and employer- or union-provided benefits to employees, such as pension plans and group health insurance plans.

A household's income and/or assets (resources) must fall below specified guidelines in order to qualify for food stamps, free or reduced-price school lunches, publicly owned or other subsidized housing, and medicaid. These noncash benefits are called "means-tested." The number of households receiving these means-tested noncash benefits increased from 14.3 million in 1980 to 14.6 million in 1981. The number of households receiving--

. Food stamps increased by 5 percent to a total of 7.1 million in 1981.

. Free or reduced-price school lunches decreased by 3 percent to 5.4 million in 1981.

. Public or other subsidized housing increased to 2.9 million, up 4 percent from 1980.

. Medicaid increased by 2 percent from 8.3 million in 1980 to 8.5 million in 1981.

Food stamps were received by 9 percent of all households and by 31 percent of female-headed households. Free or reduced-price school lunches were received by 20 percent of all households with school age children and by 46 percent of these households maintained by women.

Of all households with a householder under 65 years of age, 55 percent had one or more members covered by a pension plan at work and 71 percent had at least one member covered by an employer- or union-provided group health plan.

Source: U.S. Department of Commerce, Bureau of the Census, 1982, Characteristics of households receiving selected noncash benefits: 1981, Current Population Reports, Consumer Income, Series P-60, No. 135.

Interpreting Statistical Data in Family Economics

By Colien Hefferan, Katherine S. Tippett, and Joyce M. Pitts
Economist, supervisory home economist, and home economist, respectively

Access to data on family economic issues has become widespread. Generally this has resulted in a clearer understanding of family economic decisions and the environment in which they are made. Occasionally, however, it results in contradictory explanations or predictions of family economic status or behavior. Often the contradictions are not the result of poor quality information but failure to understand the differences between alternative sources of information or varying analytic techniques.

In analyzing and interpreting trend information in family economics, different data sources and methods can be used to study the same problem. Analysis of data from several sources or from one source using alternative techniques is often a good way to verify interpretation of family economic trends.

Several characteristics of data and data analysis techniques can affect the accuracy, appropriateness, and completeness of interpretation of trend information in family economics. These characteristics include the following:

- **Unit of measurement.** Data can be collected from individual households (as with the Bureau of Labor Statistics' Consumer Expenditure Survey (CES), the USDA's Household Food Consumption Survey, and the Census Bureau's Current Population Survey (CPS)) to create microdata bases; or data can be aggregated from business and institutional sources (as with the Bureau of Economic Analysis' National Income and Product Accounts (NIPA) and the Federal Reserve Board's Flow of Funds Accounts (FoF)) to create macrodata bases.

- **Definitions of concepts.** Basic concepts, such as what constitutes a household or what is included in earnings, can vary among data sources. For example, the household section of the FoF is defined to include parts of the economy (e.g., nonprofit organizations) not generally included in microdata bases used in family economics.

- **Construction of variables within data bases.** Household economic characteristics can be measured, calculated, or estimated. Personal savings, for example, are measured through direct household questioning in the 1977 Federal Reserve Board Survey of Consumer Credit by the University of Michigan and through deposit information from financial institutions in the FoF. In the NIPA, however, savings are calculated from disposable personal income and personal expenditures (parts of the NIPA).

- **Weighting techniques.** In constructing statistical measures and indexes, the relative importance of interrelated economic characteristics and behavior is reflected in weighting techniques. The information or assumptions underlying weights can vary. For example, the relative importance of items in the Consumer Price Index (CPI) is based on a market basket of goods developed from the CES, whereas the weighting of items in an alternate measure of inflation, the Personal Consumption Expenditure (PCE) implicit price deflator, is calculated from aggregate personal consumption expenditures drawn from the NIPA.

- **Changes over time.** Data can be adjusted to reflect changes over time. These adjustments affect the comparability of information. For example, earnings can be expressed in constant dollars (adjusted for changes in the level of prices) or current dollars (unadjusted). Panel and cross-sectional data are also frequently used to provide measures of changes over time. Panel (longitudinal) data, however, represent changes made by the same households over a period of years, whereas cross-sectional data are obtained at one point in time. Panel data thus allow analysts to examine how individuals and families with specific characteristics respond to changes over

time, whereas comparison of several cross-sectional data sets allows only for the identification of general trends.

Previous issues of Family Economics Review (FER) have included discussions on a number of data sources and their use in family economics research and education. An article by Pennock (4) in the December 1970 issue discussed differences in the data derived from the Consumer Expenditure Survey and from the Personal Consumption Expenditure part of the NIPA. Peterkin (5) clarified this further by showing how estimates of the amount of income spent for food differed depending on the data source. Other articles have shown how estimates of the cost of raising a child vary according to whether current or constant dollars are used (2) and how inflation varies depending on the type of index (6).

There has been a good deal of discussion in the press in recent years relating to two areas of concern to family economists: Consumer credit and family income. In the following two sections, several ways to measure trends in these areas are discussed. The first section shows how several data sources and analytic techniques can be used to substantiate trends in consumer credit. The second section shows how differences in data bases and presentation techniques can result in conflicting trend information about family income.

Consumer Credit Trends

Trends in consumer credit over time are generally measured using four approaches. All use aggregated data--that is, macrodata derived primarily from business or industry transactions rather than from households. All or any of these approaches can appropriately describe the effect of consumer credit levels on the financial condition of the consumer sector as a whole.[1]

Using Government data, Durkin (1) traced the trends in consumer credit using these four approaches. The data show that, for the economy as a whole, the consumer sector is not currently overburdened with short-term debts.[2]

Ratio of credit outstanding to liquid assets. The ratio of consumer installment credit outstanding to consumer financial assets follows a somewhat cyclical pattern, usually rising slightly before the business cycle peak and falling during recession as consumers slow their credit use while holding onto assets.[3] This ratio peaked at 21 percent in 1979 and since has declined to around 18-1/2 percent (table 1). Durkin noted that an interesting aspect of this relationship is its trendless nature over a long period of time. The range of 18-1/2 to 19 percent seen recently is the same range as in 1960 (1).

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[1] Analysts caution, however, that none show how the debts (or assets) are distributed among households. When the heaviest debt is held disproportionately by a few vulnerable households rather than spread among a large number of households, a better method of determining the effects of debt load is to look at measures directly reflecting financial difficulties in households, such as increases in loan delinquency rates and bankruptcy filings (3). For more information on bankruptcy, see FER, spring 1982, "Bankruptcy in the United States," by William C. Dunkelberg, pp. 16-19, and "Bankruptcy Reform," FER, summer/fall 1980, pp. 37-38.

[2] This work was done for the National Consumer Finance Association, a trade association serving the consumer credit industry, which monitors and interprets economic and legislative trends affecting the industry and provides information to credit extenders, policymakers, educators, and consumers.

[3] Consumer installment credit outstanding includes automobile credit, revolving credit, mobile home credit, personal loans, home improvement loans, and other consumer goods credit. Consumer financial assets include currency, deposits, and money market funds.

Table 1. *Trends in consumer credit using 4 approaches, 1960-82*

Approaeh	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
1. **Ratio** of consumer credit outstanding to liquid assets	19.0	18.0	18.1	18.2	18.8	19.2	19.4	18.5	18.4	19.6	19.4	18.6
2. **Ratio** of credit extended to personal eonsumption expenditures.....	16.0	14.6	16.1	17.1	18.0	18.3	18.1	17.7	18.7	19.0	18.5	20.2
3. Debt burden--**ratio** of credit repayment to disposable personal ineome	13.2	13.5	13.4	14.0	14.1	14.6	15.1	15.1	15.1	15.4	15.5	15.2
						Percent						
4. **Changes** in eonsumer credit outstanding:												
Constant	--	+1.5	+8.8	+11.7	+11.9	+10.0	+3.4	+1.7	+5.2	+5.0	-.1	+7.0
Current	--	+2.0	+10.9	+13.3	+13.5	+12.8	+7.3	+5.3	+10.3	+10.4	+4.2	+12.1

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	[1]1982
1. **Ratio** of consumer eredit outstanding to liquid assets	18.4	19.1	19.2	18.1	17.8	18.5	19.8	21.0	19.6	18.5	([2])
2. **Ratio** of eredit extended to personal eonsumption expenditures.....	20.5	21.0	19.6	18.0	19.1	21.2	22.2	21.3	16.5	18.7	17.4
3. Debt burden--**ratio** of credit repayment to disposable personal income.....	15.2	15.3	15.2	14.3	14.3	15.9	16.4	16.4	15.3	14.8	14.1
						Pereent					
4. **Changes** in consumer credit outstanding:											
Constant	+8.0	+9.1	-3.2	-3.0	+7.9	+12.0	+10.0	+6.0	-8.4	+.8	([2])
Current	+12.6	+16.4	+6.1	+4.7	+12.5	+19.0	+18.6	+14.0	+.4	+6.4	([2])

[1]First quarter.
[2]Not available.

Sourees: Data format based on analysis developed by the National Consumer Finanec Assoeiation. Data from the Board of Governors of the Federal Reserve System: 1979, Annual total flows & year-end assets and liabilities, Flow of Funds Aecounts 1949-1978; 1982, Flow of Funds Accounts, First Quarter 1982-Scasonally Adjusted and Unadjusted, Pub. No. Z.1.

Ratio of credit extended to consumption. The ratio of the Federal Reserve Board's data on consumer installment credit extended by all credit grantors compared with the U.S. Department of Commerce's data on personal consumption expenditures fluctuates in response to the business cycle. During expansions, consumers increase both their personal consumption expenditures and the amount of credit they use; during business downturns, consumers reduce credit expenditures more rapidly than they reduce all other expenditures. Credit grew relative to consumption in the late 1970's, peaking at 22.7 percent in 1978, but the growth did not greatly exceed its usual cyclical pattern. Part of the growth in this ratio may be attributed to changes made in 1971 by the Federal Reserve System in the definition of installment credit to include oil company credit cards and shifts by consumers from department store credit (not a component of installment credit) to bank credit cards (a component of installment credit) (1).

Ratio of credit repayments to personal disposable income: Debt burden. The ratio of consumer installment credit repayments (typically monthly repayments on all consumer installment credit outstanding) to personal disposable income (income less taxes and social insurance in the NIPA) also tends to follow normal cyclical patterns, rising during business cycle expansions and declining during cycle downturns. Consumers have maintained their debt burden at approximately the same level in spite of an ever changing economic situation (1).

Change in credit outstanding. Inflation can distort the growth trends of economic indicators expressed in current dollar terms. A large part of the rapid increase in credit outstanding of past years was due to inflation rather than to abnormally large increased borrowing by consumers. When constant dollars are used, changes in consumer installment credit outstanding follow the general pattern of the business cycle. For example, during each of the major periods of expansion of the last two decades, highest growth has come in advance of the business cycle peak and slower or declining growth during periods of recession. During each expansion, the rate of increase in consumer installment credit outstanding peaked at about 12 percent real growth (1).

Money Income

Two sources of data are frequently used to describe personal or family income. In 1981, these two sources differed on whether income was keeping up with inflation (table 2). Data from the CPS of the Bureau of the Census, U.S. Department of Commerce, indicated that the median income of all families in the United States in 1981 was $22,390, 6.5 percent higher than the 1980 median. After adjusting for a 10.4-percent increase in consumer prices between 1980 and 1981, however, real median family income decreased by 3.5 percent. In contrast, data from the NIPA, also from the U.S. Department of Commerce, indicated that disposable personal income (DPI) had gone up 11.2 percent between 1980 and 1981--an increase of 2.5 percent in real dollars. How can one source from the U.S. Department of Commerce indicate that real incomes have increased by 2.5 percent, whereas another source from the same Department indicates that real incomes have declined by 3.5 percent?

Variance in these two pictures of money income may be the result of differences in the data on which they are based and the manner in which the data are expressed. DPI is calculated from aggregate data on the total income of the household sector of the economy, whereas family income, which comes from household surveys, is calculated as a median. Total income can rise as a result of a general increase in the incomes of all households, an increase in the incomes of specific segments of the household sector, or even growth in the number of new households. Median income data can reflect these changes; it will also reflect changes in the distribution of income among families, whereas total income will not reflect distribution changes. Total income and estimates of mean household income that might be derived from it tend to indicate that income is higher

than that suggested by median income figures. This is because household income has narrower limits on the low side than the high side. For most households the lower limit for annual income is zero dollars,[4] whereas the upper limit can extend into the millions of dollars. Consequently, mean income figures tend to be higher than median figures.

[4]Only about 1 percent of the households in the 1972-73 Consumer Expenditure Survey reported negative incomes.

The difference between change in total and median income is likely to be especially pronounced in periods of growing unemployment coupled with high inflation. Unemployment shifts some households into low income groups, whereas inflation may result in increased wages and salaries for those who are employed. These two factors tend to offset one another in determining total income of the household sector; thus, total income may show little or no change. At the same time, movement of unemployed households into the bottom half of the income distribution

Table 2. *Year-to-year income changes in constant (real) and current dollars, 1974-81*

Type of income measure	Change from preceding year							
	1974	1975	1976	1977	1978	1979	1980	1981
	Percent							
Constant dollars:[1]								
Disposable personal income[2]...	-1.5	1.8	3.6	4.0	4.9	2.7	0.2	2.5
Median family income[3].....	-4.0	-2.1	3.1	.5	2.4	.1	-5.8	-3.5
Current dollars:								
Disposable personal income[2]...	9.2	10.1	9.0	10.0	12.2	12.0	10.5	11.2
Median family income[3].....	6.5	6.3	9.0	7.0	10.2	11.6	6.8	6.5

[1]1972 was used as the base year to calculate changes in income expressed in constant dollars, although in calculating year-to-year changes a base year need not be fixed. Income expressed in constant dollars is calculated as follows:

$$\text{Constant dollar income} = \frac{\text{Current income X Price index for previous period}}{\text{Price index for current period}}$$

Change in constant dollar income from year-to-year is calculated as follows:

$$\text{Percent change in dollar income} = \frac{(\text{Constant income in period 2} - \text{Constant income in period 1})}{(\text{Constant income in period 1})} \; 100$$

[2]Disposable personal income is an aggregate figure from the National Income and Product Accounts; it is derived by subtracting personal taxes from personal income. Personal income is the sum of wage and salary disbursements, other labor income, proprietors' income, rental income of persons, dividends, personal interest income, and transfer payments to persons, less personal contributions to social insurance.

[3]Median family income is derived from households in the Current Population Surveys of the Bureau of the Census. It includes money income before payments of Federal, State, local, or social security taxes and before any other kind of deductions.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis, 1982, Survey of Current Business, Vol. 62, No. 7. U.S. Department of Commerce, Bureau of the Census, 1980, Money income and poverty status of families and persons in the United States, 1979, (advance report), Current Population Reports, Consumer Income, Series P-60, No. 125. U.S. Department of Commerce, Bureau of Economic Analysis, 1982, Money income and poverty status of families and persons in the United States, 1981, (advance report), Current Population Reports, Consumer Income, Series P-60, No. 134.

tends to suppress the median level of household income. The large discrepancy between DPI and median family income from 1980 to 1981 may be attributable, in part, to growing unemployment and high inflation during this period.

The two income measures also reflect a different treatment of taxes. DPI is an after-tax figure, whereas family income is a before-tax figure. The difference in the tax treatment may account for part of the difference between the DPI and median family income estimates for 1981. In 1981, there was an across-the-board tax decrease of 5 percent, which increased income available for savings or consumption. Since DPI real income changes are calculated only on the part of income available for savings and consumption, whereas household real income changes are calculated on total income (taxes plus savings and consumption), the effect of the tax decrease will be reflected in a rise in DPI. Tax changes will have no effect on the before-tax median family income estimates.

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Marital Status and Living Arrangements

The median age at first marriage for both men and women has increased by 1-1/2 years since 1970. By March 1981, median age at first marriage for men was 24.8 years and 22.3 years for women. The tendency to postpone or forego marriage in favor of continuing education and career advancement has resulted in a higher median age at first marriage and a greater percentage of young people who have never married. In 1981, 52 percent of women aged 20 to 24 years had never married, compared with 36 percent in 1970. For men in this age group, 70 percent had never married in 1981, up from 55 percent in 1970. For women aged 25 to 29 years, the never married rate more than doubled, from 10 to 22 percent in 1970 and 1981, respectively; the rate for men in this age group who had never married rose from 19 percent in 1970 to 34 percent in 1981.

The increase in American divorce is measured by the divorce ratio, or the number of divorced persons per 1,000 persons who are married and living with their spouses. The divorce ratio was 109 in 1981, more than twice the 1970 ratio of 47. Women had a higher divorce ratio than men (129 versus 88), indicating that men are more likely to remarry and do so more quickly after divorce than women. The divorce ratio for black persons (233) was higher than for white persons or for those of Spanish origin; the ratio for black women was highest at 289.

Children living in one-parent families accounted for 20 percent of all children under 18 years old, compared with 12 percent in 1970. Of the 12.6 million children living with one parent, 90 percent lived with their mothers, a proportion unchanged since 1970.

The number of persons living alone has risen by 75 percent since 1970. In 1981, 23 percent of all households consisted of persons living alone. The majority (62 pct) of persons who lived alone in 1981 were women. The proportion of women living alone who were divorced or never married increased

from 29 percent in 1970 to 38 percent in 1981; 71 percent of men living alone in 1981 were either divorced or never married, compared with 60 percent in 1970.

The number of households maintained by two unrelated adults of opposite sex (unmarried couple households) more than tripled since 1970. Unmarried couple households include a variety of living arrangements not commonly considered as an unmarried couple, such as an elderly woman and male college boarder or an elderly man and a live-in housekeeper.

Source: U.S. Department of Commerce, Bureau of the Census, 1982, Marital status and living arrangements: March 1981, Current Population Reports, Population Characteristics, Series P-20, No. 372.

Current Research Projects

IMPROVING THE DISTRIBUTION OF SOCIOECONOMIC RESOURCES IN RURAL AREAS

Project Number: NE-129 (Regional)

Contact Person:

Kenneth P. Wilkinson
Department of Agricultural Economics and Rural Sociology
The Pennsylvania State University
University Park, Pa. 16802
814-865-0455

Cooperating States:

Arkansas, Connecticut, Florida, Maryland, New Hampshire, New York, North Carolina, Pennsylvania, Vermont

Starting Date: October 1979

Termination Date: September 1983

Objectives:

To determine the effects of sociological characteristics on the distribution of socioeconomic resources among rural and urban areas and within rural areas.

To identify and evaluate public policy alternatives intended to increase equity in the distribution of socioeconomic resources.

Findings:

Community case studies are being analyzed and made available to policymakers and agency officials on how health resources, CETA[1] and other Federal development programs, rapid growth in energy development counties, and other sociological characteristics impact on the well-being of rural people. The following are some examples:

. Arkansas analysis of health resources led the State association of nurses in Oregon to establish political action programs concerned with water quality, alternative power sources, regulation of nuclear wastes, immunization, and other issues.

. New York's analysis of community social characteristics was used to identify business opportunities for young people in a federally financed economic development program.

. Vermont's program in which regional planning offices, via computer terminals, have immediate access to socioeconomic information about communities has been used by the State Department of Health, the State Planning Office, the State Department of Employment Security, and the State Environmental Board.

Selected Publications:

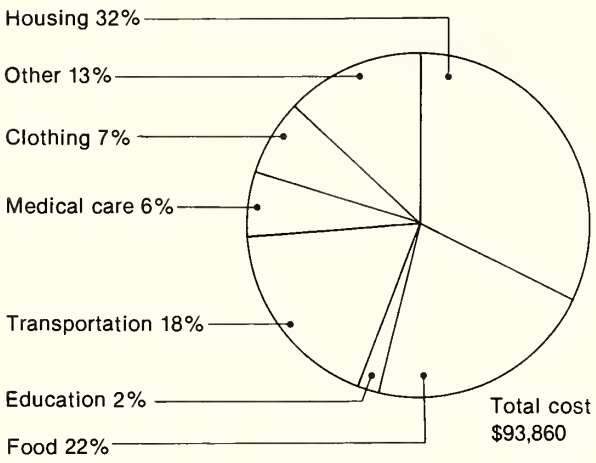
1. Miller, Michael K., and Albert E. Luloff. 1981. Who is rural: A typological approach to the examination of rurality. Rural Sociology 46(4):608-625.
2. Wilkinson, Kenneth P., James G. Thompson, Robert R. Reynolds, Jr., and Lawrence M. Ostresh. 1982. Local social disruption and western energy development: A critical review. Pacific Sociological Review 25(3):275-296.

[1]Comprehensive Employment and Training Act.

Some New USDA Charts

Chart 130

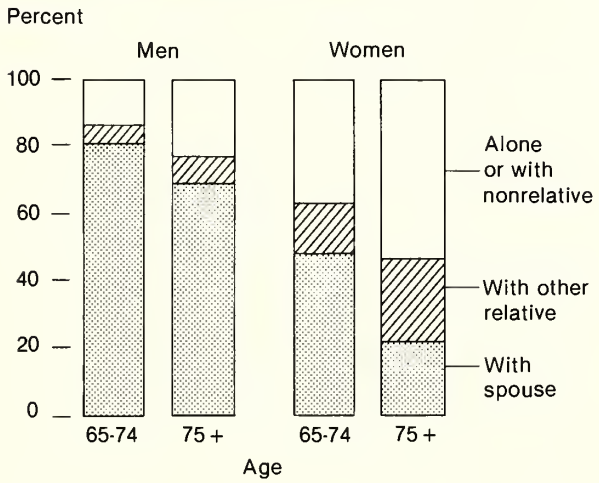
Cost of Raising Western, Rural, Nonfarm Children



June 1982 data. Moderate cost level, birth to age 18.

Chart 141

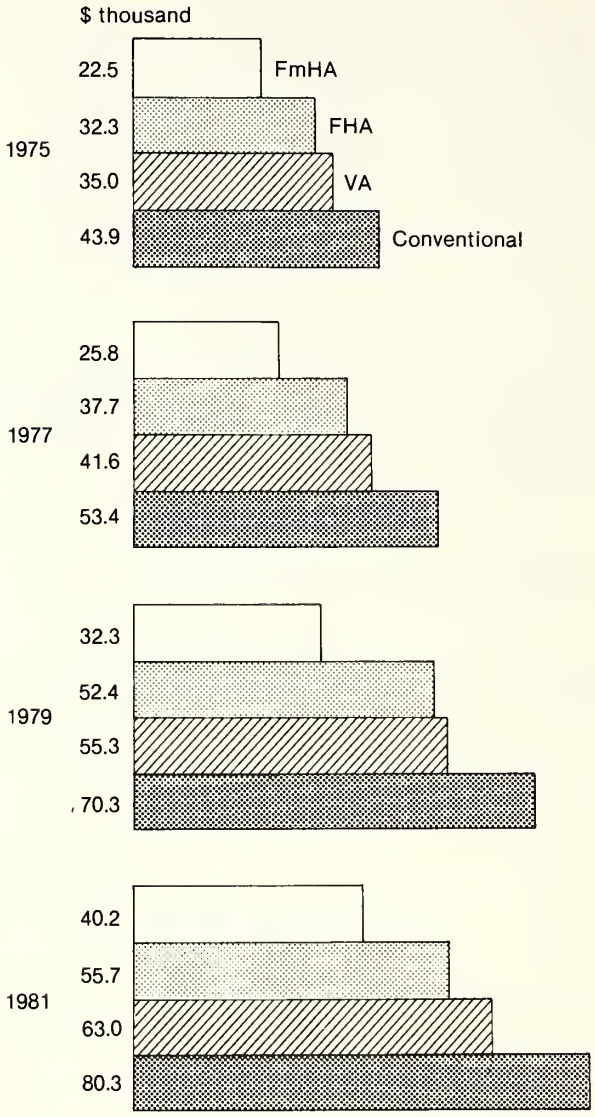
Living Arrangements of the Elderly



1981 data.
Source: Bureau of the Census.

Chart 138

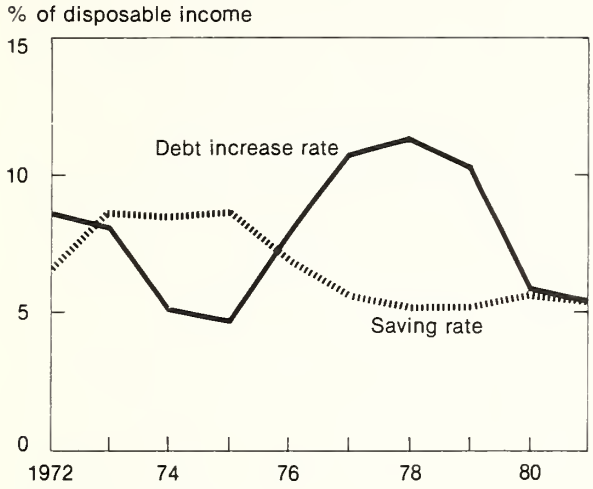
Sales Price of New One-Family Homes



1981 preliminary. Median sales price.
Source: Bureau of the Census.

Chart 125

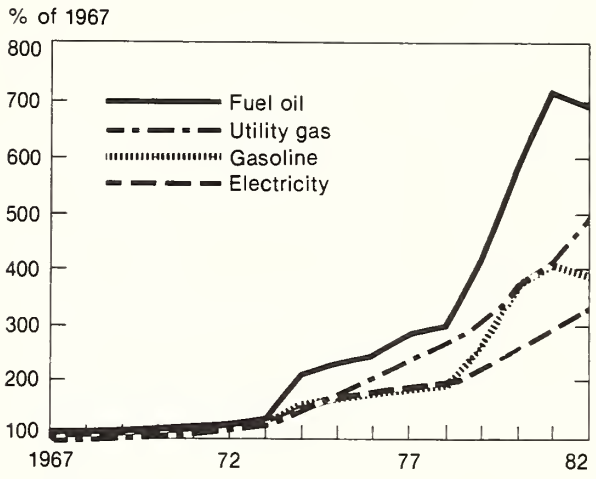
Debt and Saving of Households



Source: Federal Reserve Board.

Chart 131

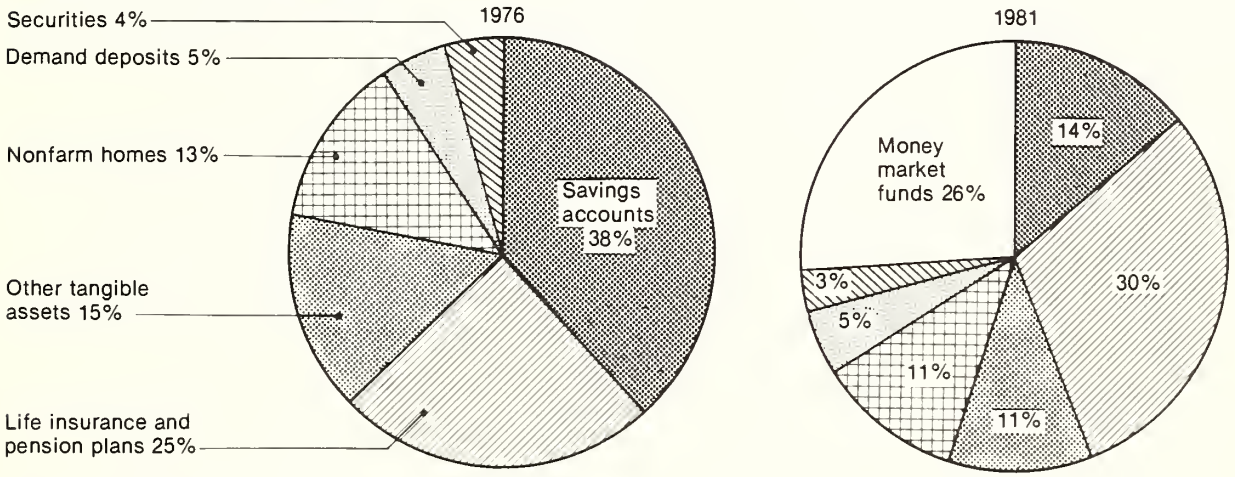
Change in Energy Prices



Annual averages 1967-81; June data for 1982.
Source: Bureau of Labor Statistics.

Chart 127

Distribution of Individual Savings



Money market funds accounted for less than 1 percent in 1976. Other tangible assets includes consumer durables, nonresidential fixed assets, and inventories.
Source: Federal Reserve Board.

Fertility of American Women, June 1981

The average number of lifetime births expected by married women 18 to 34 years old declined from 3.1 in 1967 to 2.2 in 1979, from which time it has remained unchanged. In 1981, single women 18 to 34 years old expected to have, on the average, only 1.8 births per woman.

Women currently not in the labor force report a higher average number of lifetime births expected (2.3 births) than do women currently in the labor force (1.9 births). Among employed women, birth expectations are lowest for women in professional or managerial occupations (1.7 births); 19 percent of the women in these occupations expect to have no children.

In 1981, nearly 75 percent of all births occurred to women under age 30 and 40 percent to women 18 to 24 years old.

The number of births per 1,000 women 18 to 44 years old (fertility rate) was 70.9 in 1981 for the Nation as a whole. Fertility rate for the Hispanic population was considerably higher, 99.2 per 1,000 women. High fertility rates were also recorded for women who had never finished high school (88.2) or were residents of a census-designated poverty area (83.0). Fertility rate for women in professional or managerial positions in 1981 was 37.2 per 1,000 women.

Source: U.S. Department of Commerce, Bureau of the Census, 1982, Fertility of American women: June 1981 (advance report), Current Population Reports, Population Characteristics, Series P-20, No. 369.

Characteristics of American Children and Youth, 1980

. In 1980, 92 million people, or about 4 out of every 10 Americans, were under 25 years old. Approximately two-thirds of these children and youths lived in metropolitan areas, predominantly in the suburbs.

. Approximately 50 percent of all children 3 to 5 years old were enrolled in either nursery school or kindergarten, up from 29 percent in 1966.

. About 53 percent of all children under 18 years old who were living in families had mothers in the labor force; about 43 percent of those under 6 years old had mothers who were working or seeking work. Approximately 77 percent of children under 18 years old lived in families in which both their parents were present, a decline from 85 percent in 1970.

. In 1979, 9.7 million children under 18 years old were living in families with incomes below the poverty level. This represents approximately 16 percent of all children under 18 years old living in families.

. The proportion of young people 18 to 24 years old who voted in Presidential elections has continued to decline since 1972, the first year all 18- to 20-year-olds were eligible to vote. In 1972, about 50 percent of these youths 18 to 24 years old voted, whereas only about 40 percent voted in 1980.

Source: U.S. Department of Commerce, Bureau of the Census, 1982, Characteristics of American children and youth: 1980, Current Population Reports, Special Studies, Series P-23, No. 114.

Budgets for a Retired Couple—Final Report

The Bureau of Labor Statistics is discontinuing budgets for a retired couple. The updated "three budgets for a retired couple" for autumn 1981 is the final release.

The Bureau of Labor Statistics, U.S. Department of Labor, has updated three hypothetical annual budgets for a retired couple and related area indexes that can be used to compare the cost of these budgets in selected urban areas. Changes in prices between autumn 1980 and autumn 1981 are reflected in this updating.

The estimated U.S. average annual cost, excluding personal income taxes, of the lower budget for an urban retired couple was $7,226 (see table). The intermediate and higher budgets were $10,226 and $15,078, respectively. The costs of the budgets are generally lowest in nonmetropolitan areas and in southern cities and highest in Anchorage, Alaska, and northeastern and western cities.

Between 1980 and 1981, the total cost of the lower budget rose by 8.8 percent, the intermediate budget by 8.4 percent, and the higher budget by 8.3 percent. These increases are approximately 2 percentage points less than those reported for the comparable 1979-80 period, with more moderate increases in the food component contributing to the smaller increases.

Annual budgets for a retired couple at 3 levels of living, urban United States, autumn 1981

Component	Lower budget	Intermediate budget	Higher budget
Total budget[1]	$7,226	$10,226	$15,078
Total family consumption	6,914	9,611	13,960
Food	2,183	2,898	3,642
Housing	2,377	3,393	5,307
Transportation	553	1,073	1,960
Clothing	244	409	629
Personal care	198	290	424
Medical care[2]	1,085	1,091	1,098
Other family consumption	275	457	901
Other items	311	615	1,118

[1]Beginning with the autumn 1973 updating of the budgets for a retired couple, the total budget is defined as the sum of "total family consumption" and "other items." Income taxes are not included in the total budgets.

[2]The autumn 1981 cost estimates for medical care contain a preliminary estimate for "out-of-pocket" costs for medicare.

NOTE: Because of rounding, sums of individual items may not equal totals.

Source: U.S. Department of Labor, Bureau of Labor Statistics, 1982, Three budgets for a retired couple, autumn 1981, News, USDL 82-266.

Medical care and transportation again showed the largest increases. Medical care costs increased approximately 15 percent at all three levels; transportation rose about 14 percent at the lower, 13 percent at the intermediate, and 12 percent at the higher levels.

The retired couple is defined as a husband, age 65 or over, and his wife. They are assumed to be self-supporting and living in an urban area. The couple is considered to be in reasonably good health, and they are able to take care of themselves. Qualities and quantities of goods and services provided for each level vary according to differences in consumption patterns. Area indexes reflect variation in climate and type of transportation facilities. Three hypothetical lists of goods and services were specified in the midsixties to portray three relative levels of living--lower, intermediate, and higher--for a retired couple. The cost of the lower budget is not intended to represent the income necessary for subsistence at the poverty level; it simply represents a level relatively lower than the intermediate budget.

Source: U.S. Department of Labor, Bureau of Labor Statistics, 1982, Three budgets for a retired couple, autumn 1981, News, USDL 82-266.

Consumer Price Index: Changes in Homeownership Component

Effective with the publication of data for January 1983, the homeownership component of the Consumer Price Index (CPI) for All Urban Consumers will be changed to a rental equivalence measure. A similar change for the CPI for wage earners and clerical workers will be effective with January 1985 data.

The current homeownership component is based on the concept that consumers are purchasing an asset. Data on house prices and mortgage interest from the Consumer Expenditure Survey are collected only from those consumers who purchased a house in the base period.[1] The computations used to derive the homeownership index assume a long-term mortgage at fixed interest rates. Recent changes in financial markets, however, such as the variable rate mortgages and the trend toward seller financing, are not reflected in the CPI. Also, data on house prices are obtained from the Federal Housing Administration; this data base is relatively small and represents a specialized segment of the housing market, creating estimation problems.

Increasingly, members of Congress, the media, and the general public are becoming aware of the issues surrounding the measurement of homeownership costs in the CPI. The current use of the CPI as a wage escalator and its future use for escalation of income tax brackets and the personal exemption amount, as required by the Economic Recovery Tax Act of 1981 (Public Law 97-34), necessitate that the CPI be changed to reflect the experience of consumers to the fullest extent possible.

The rental equivalence measure is based on the concept that consumers are purchasing shelter (rather than an asset). Data used to derive the rental equivalence component will come from all families who lived in owned homes during the base period; the component, therefore, will cover the entire stock of owned homes, rather than just those homes purchased in the base year. Current rent paid for homes, like those that are owned by families surveyed in the Consumer Expenditure Survey, will serve as the basis for extimating the rental value of all owner-occupied houses.

[1]Data on property taxes, property insurance, home maintenance, and repair are collected from all homeowners in that base period.

Sources: U.S. Department of Labor, Bureau of Labor Statistics, 1981, Statement of Dr. Janet L. Norwood, Commissioner of Labor Statistics, regarding changes in the Consumer Price Index, News, USDL Pub. No. 81-506. Gillingham, Robert, and Walter Lane, 1982, Changing the treatment of shelter costs for homeowners in the CPI, Monthly Labor Review 105(6):9-14, U.S. Department of Labor, Bureau of Labor Statistics.

Consumer Prices

Consumer Price Index for all urban consumers
[1967 = 100]

Group	Oct. 1982	Sept. 1982	Aug. 1982	Oct. 1981
All items	294.1	293.3	292.8	279.9
Food	287.0	287.6	287.4	277.6
Food at home	279.4	280.6	280.8	272.1
Food away from home	310.7	309.8	308.7	296.2
Housing	320.7	319.7	320.1	303.5
Shelter	342.8	342.6	344.2	326.6
Rent	228.9	226.9	226.0	213.6
Homeownership	382.8	383.0	385.9	366.7
Fuel and other utilities	363.4	359.5	356.3	330.1
Fuel oil, coal, and bottled gas	677.2	662.8	659.9	672.7
Gas (piped) and electricity	413.4	409.2	404.4	360.6
Household furnishings and operation	235.4	234.2	233.4	225.6
Apparel and upkeep	195.5	194.9	191.8	191.5
Men's and boys'	188.6	186.5	183.7	183.6
Women's and girls'	163.0	163.6	159.2	161.2
Footwear	206.8	206.2	204.4	204.2
Transportation	295.5	295.3	296.2	287.2
Private	291.1	291.1	292.4	283.9
Public	356.3	353.3	348.1	330.8
Medical care	338.7	336.0	333.3	304.8
Entertainment	240.3	238.3	237.4	225.5
Other goods and services	271.2	266.6	258.3	245.2
Personal care	252.9	251.1	250.6	236.9

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Cost of food at home estimated for food plans at 4 cost levels, October 1982, U.S. average[1]

Sex-age groups	Cost for 1 week				Cost for 1 month			
	Thrifty plan[2]	Low-cost plan	Moderate-cost plan	Liberal plan	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES								
Family of 2:[3]								
20-54 years	$33.90	$43.70	$54.70	$65.60	$146.50	$189.30	$236.90	$283.80
55 years and over	30.40	38.90	48.20	57.40	131.70	168.70	208.70	249.00
Family of 4:								
Couple, 20-54 years and children--								
1-2 and 3-5 years	48.00	61.20	76.30	91.30	207.60	265.40	330.60	395.50
6-8 and 9-11 years	57.90	74.10	92.70	111.10	250.70	321.10	402.00	481.00
INDIVIDUALS[4]								
Child:								
7 months to 1 year	6.80	8.20	10.00	11.90	29.60	35.70	43.50	51.40
1-2 years	7.80	9.80	12.10	14.30	33.60	42.50	52.30	62.10
3-5 years	9.40	11.70	14.50	17.40	40.80	50.80	62.90	75.40
6-8 years	12.00	15.30	19.10	22.90	52.10	66.20	82.80	99.00
9-11 years	15.10	19.10	23.90	28.60	65.40	82.80	103.80	124.00
Male:								
12-14 years	16.10	20.30	25.40	30.30	69.60	88.00	110.00	131.40
15-19 years	17.60	22.40	28.00	33.70	76.30	97.10	121.50	145.80
20-54 years	17.00	22.00	27.70	33.30	73.50	95.20	119.90	144.10
55 years and over	15.10	19.40	24.10	28.80	65.40	83.90	104.20	125.00
Female:								
12-19 years	14.20	18.10	22.40	26.70	61.70	78.40	97.00	115.60
20-54 years	13.80	17.70	22.00	26.30	59.70	76.90	95.50	113.90
55 years and over	12.50	16.00	19.70	23.40	54.30	69.50	85.50	101.40
Pregnant	17.20	21.90	27.00	32.00	74.70	95.00	116.80	138.70
Nursing	18.30	23.30	28.90	34.30	79.40	100.80	125.20	148.80

[1]Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for each plan were computed from quantities of foods published in the Winter 1976 (thrifty plan) and Winter 1975 (low-cost, moderate-cost, and liberal plans) issues of Family Economics Review. The costs of the food plans were first estimated using prices paid in 1965-66 by households from USDA's Household Food Cosumption Survey with food costs at 4 selected levels. USDA updates these survey prices to estimate the current costs for the food plans using information from the Bureau of Labor Statistics: "Estimated Retail Food Prices by Cities" from 1965-66 to 1977 and "CPI Detailed Report," tables 3 and 9, after 1977.

[2]Coupon allotment in the Food Stamp Program based on this food plan.

[3]10 percent added for family size adjustment. See footnote 4.

[4]The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person-- subtract 5 percent; 7- or more-person--subtract 10 percent.

NOTE: Starting with the next issue of Family Economics Review, the "regional" food cost tables will be included in the No. 2 issue each year.

Prescribed Medicines: Use, Expenditures, and Sources of Payment

Approximately 58 percent of the U.S. population obtained at least one prescribed medicine in 1977. The use of prescribed medicines was most frequent among the very young and the elderly--at least one prescribed medicine was obtained by 66 percent of those under 6 years of age, 69 percent between 55 and 64 years, and 75 percent of those 65 years or older. Females were more likely than males to have obtained prescribed medicines (65 percent compared with 51 percent); and whites were more likely to have obtained prescribed medicines than blacks and Hispanics (63 percent, 52 percent, and 55 percent, respectively).

Among users of prescribed drugs, a total of 7.5 prescribed medicines per person was reported. Rate of use for females was higher than that for males (8.3 compared with 6.4).

The average charge per prescribed medicine in 1977 was $6.24 with no variations among the population groups. Overall, the share of the cost of prescribed medicines paid by the family was 74 percent, 12 percent by private insurance, 8 percent by medicaid, and 6 percent by other sources.

About $5.5 billion were spent in 1977 for prescribed medicines, an average of $46 per user of prescribed medicines. Average annual expenses for users were highest for persons 65 years and older ($93 per person) and those 55-64 years ($79 per person).

Source: Kasper, Judith A., 1982, Prescribed medicines: Use, expenditures, and sources of payment, National Health Care Expenditures Study, DHHS Pub. No. (PHS) 82-3320, U.S. Department of Health and Human Services, Office of Health Research, Statistics, and Technology.

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CORRECTION

In the 1982 No. 3 issue of Family Economics Review, the following corrections should be made:

- Household and Farm Task Participation of Women, table 1, p. 4--the year of data collection for New York farm homemakers should be 1936, instead of 1926.
- Survey of American Farm Women, p. 10, col. 1, line 13--somewhat satisfied, instead of not satisfied.

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